

110TH CONGRESS  
2D SESSION

# H. R. 5372

To amend the Internal Revenue Code to allow a special depreciation allowance for reuse and recycling property.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 2008

Ms. BEAN (for herself and Mr. SIRES) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code to allow a special depreciation allowance for reuse and recycling property.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Recycling Investment  
5       Saves Energy” or the “RISE Act”.

6       **SEC. 2. FINDINGS.**

7       The Congress finds the following:

8               (1) Recycling means business in the United  
9       States, with more than 56,000 reuse and recycling  
10      establishments that employ over 1,100,000 people,

1 generating an annual payroll of nearly  
2 \$37,000,000,000, and grossing over  
3 \$236,000,000,000 in annual revenues. In 2005, re-  
4 cycling scrap materials accounted for  
5 \$15,700,000,000 in exports for the United States.  
6 On a per-ton basis, sorting and processing  
7 recyclables alone sustain 10 times more jobs than  
8 landfilling or incineration.

9 (2) By reducing the need to extract and process  
10 virgin raw materials into manufacturing feedstock,  
11 reuse and recycling helps achieve significant energy  
12 savings. For example:

13 (A) Taken together, the amount of energy  
14 wasted from not recycling aluminum and steel  
15 cans, paper, printed materials, glass, and plas-  
16 tic equals the annual output of 15 medium  
17 sized power plants.

18 (B) The reuse of 500 steel drums per week  
19 yields 6 trillion Btu's per year, which is enough  
20 energy savings to power a city the size of Colo-  
21 rado Springs, Colorado, for 1 year.

22 (3) Unfortunately, the United States recycling  
23 rate of many consumer commodities, including alu-  
24 minum, glass, and plastic, are stagnant or declining,  
25 and businesses that rely on recycled feedstock are

1 finding it difficult to obtain the quantity and quality  
2 of recycled materials needed. Increasingly, United  
3 States manufacturing facilities that rely on recycled  
4 feedstock are closing or forced to re-tool to use vir-  
5 gin materials.

6 (4) The environmental impacts from reuse and  
7 recycling are significant. Increased reuse and recy-  
8 cling would produce significant environmental bene-  
9 fits, such as cleaner air, safer water, and reduced  
10 production costs. For example:

11 (A) Between 2 and 5 percent of the waste  
12 stream is reusable. Reuse prevents waste cre-  
13 ation and adverse impacts from disposal.

14 (B) On a per-ton basis, recycling of: office  
15 paper prevents 60 pounds of air pollutants from  
16 being released, saves 7,000 gallons of water,  
17 and 3.3 cubic yards of landfill space; aluminum  
18 saves 10 cubic yards of landfill space; plastic  
19 saves 30 cubic yards of landfill space; glass pre-  
20 vents 7.5 pounds of air pollutants from being  
21 released and saves 2 cubic yards of landfill  
22 space; and steel saves 4 cubic yards of landfill  
23 space.

24 (C) The manufacture of 100 percent recy-  
25 cled paperboard products uses significantly less

1 fossil fuel than comparable products and is  
 2 therefore a net reducer of greenhouse gases.  
 3 And, for every 100 tons of recycled paperboard  
 4 produced, 105 tons of material is prevented  
 5 from going to the landfill, thus reducing landfill  
 6 gases.

7 (5) A national investment in the reuse and re-  
 8 cycling industries is needed to preserve and expand  
 9 America's reuse and recycling infrastructure.

10 **SEC. 3. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN**  
 11 **REUSE AND RECYCLING PROPERTY.**

12 (a) IN GENERAL.—Section 168 of the Internal Rev-  
 13 enue Code of 1986 (relating to accelerated cost recovery  
 14 system) is amended by adding at the end the following  
 15 new subsection:

16 “(l) SPECIAL ALLOWANCE FOR CERTAIN REUSE AND  
 17 RECYCLING PROPERTY.—

18 “(1) IN GENERAL.—In the case of any qualified  
 19 reuse and recycling property—

20 “(A) the depreciation deduction provided  
 21 by section 167(a) for the taxable year in which  
 22 such property is placed in service shall include  
 23 an allowance equal to 50 percent of the ad-  
 24 justed basis of the qualified reuse and recycling  
 25 property, and

“(B) the adjusted basis of the qualified reuse and recycling property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

“(2) QUALIFIED REUSE AND RECYCLING PROPERTY.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified reuse and recycling property’ means any reuse and recycling property—

“(i) to which this section applies,

“(ii) which has a useful life of at least 5 years,

“(iii) the original use of which commences with the taxpayer after December 31, 2006, and

“(iv) which is—

“(I) acquired by purchase (as defined in section 179(d)(2)) by the taxpayer after December 31, 2006, but only if no written binding contract for the acquisition was in effect before January 1, 2007, or

1 “(II) acquired by the taxpayer  
2 pursuant to a written binding contract  
3 which was entered into after Decem-  
4 ber 31, 2006.

5 “(B) EXCEPTIONS.—

6 “(i) ALTERNATIVE DEPRECIATION  
7 PROPERTY.—The term ‘qualified reuse and  
8 recycling property’ shall not include any  
9 property to which the alternative deprecia-  
10 tion system under subsection (g) applies,  
11 determined without regard to paragraph  
12 (7) of subsection (g) (relating to election to  
13 have system apply).

14 “(ii) ELECTION OUT.—If a taxpayer  
15 makes an election under this clause with  
16 respect to any class of property for any  
17 taxable year, this subsection shall not  
18 apply to all property in such class placed  
19 in service during such taxable year.

20 “(C) SPECIAL RULE FOR SELF-CON-  
21 STRUCTED PROPERTY.—In the case of a tax-  
22 payer manufacturing, constructing, or pro-  
23 ducing property for the taxpayer’s own use, the  
24 requirements of clause (iv) of subparagraph (A)  
25 shall be treated as met if the taxpayer begins

1 manufacturing, constructing, or producing the  
2 property after December 31, 2006.

3 “(D) DEDUCTION ALLOWED IN COM-  
4 PUTING MINIMUM TAX.—For purposes of deter-  
5 mining alternative minimum taxable income  
6 under section 55, the deduction under sub-  
7 section (a) for qualified reuse and recycling  
8 property shall be determined under this section  
9 without regard to any adjustment under section  
10 56.

11 “(3) DEFINITIONS.—For purposes of this sub-  
12 section—

13 “(A) REUSE AND RECYCLING PROPERTY.—

14 “(i) IN GENERAL.—The term ‘reuse  
15 and recycling property’ means any machin-  
16 ery and equipment (not including buildings  
17 or real estate), along with all appur-  
18 tenances thereto, including software nec-  
19 essary to operate such equipment, which is  
20 used exclusively to collect, distribute, or re-  
21 cycle qualified reuse and recyclable mate-  
22 rials.

23 “(ii) EXCLUSION.—Such term does  
24 not include—

1 “(I) rolling stock or other equip-  
2 ment used to transport reuse and re-  
3 cyclable materials, and

4 “(II) equipment used to produce  
5 new products or commodities from re-  
6 cycled products.

7 “(B) QUALIFIED REUSE AND RECYCLABLE  
8 MATERIALS.—

9 “(i) IN GENERAL.—The term ‘quali-  
10 fied reuse and recyclable materials’ means  
11 scrap plastic, scrap glass, scrap textiles,  
12 scrap rubber, scrap packaging, recovered  
13 fiber, scrap ferrous and nonferrous metals,  
14 or electronic scrap generated by an indi-  
15 vidual or business.

16 “(ii) ELECTRONIC SCRAP.—For pur-  
17 poses of clause (i), the term ‘electronic  
18 scrap’ means—

19 “(I) any cathode ray tube, flat  
20 panel screen, or similar video display  
21 device with a screen size greater than  
22 4 inches measured diagonally, or

23 “(II) any central processing  
24 unit.”.



1       (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to property placed in service after  
3 December 31, 2006.

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